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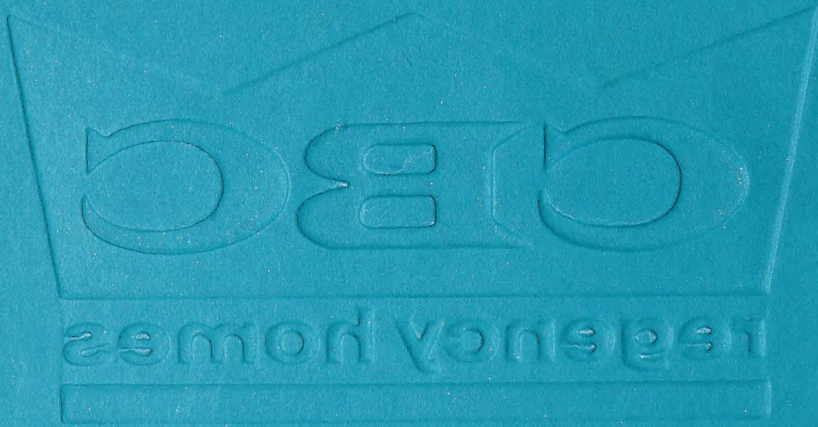


Tenth Anniversary 1955-1965

Noel Zeldin
PRESIDENT

CONSOLIDATED BUILDING CORPORATION LIMITED
99 AVENUE ROAD
TORONTO 5, CANADA

TELEPHONE 925-2851



NOTICE OF ANNUAL MEETING

The Annual Meeting of Shareholders of Consolidated Building Corporation Limited will be held on Monday, May 31, 1965, at 9.30 a.m. (Toronto time) at the Regency Towers Hotel, 89 Avenue Road, Toronto, Ontario, Canada.

JUN - 2 1965

CONSOLIDATED BUILDING CORPORATION LIMITED



ANNUAL REPORT FOR THE YEAR ENDED FEBRUARY 28, 1965

HIGHLIGHTS

FOR THE YEAR ENDED THE LAST DAY OF FEBRUARY

	<u>1965</u>	<u>1964</u>
Gross Sales - - - - -	\$26,461,740	\$33,417,509
Cost of Sales - - - - -	21,924,485	28,908,697
Gross Profit - - - - -	4,537,255	4,508,812
Net Profit - - - - -	2,609,516	2,204,555
Net Earnings per common share after payment of preference share dividends - -	66.4¢	55.7¢
Total Assets - - - - -	47,536,877	40,046,799
Total Liabilities - - - - -	36,721,270	29,837,815
Retained Earnings - - - - -	5,607,028	5,079,655
Common Shares Outstanding - - - - -	3,666,123	3,642,348
Common Dividends Paid - - - - -	877,701	436,903
Preference Dividends Paid - - - - -	172,860	172,920



DIRECTORS

JOHN D. FIENBERG	JOHN S. GAIRDNER
J. HOWARD HAWKE	GERALD S. HORGAN, Q.C.
J. IRVING OELBAUM	BEN SADOWSKI, M.B.E.
LAWRENCE SHANKMAN	LOUIS STULBERG
NOEL ZELDIN	

OFFICERS

JOHN D. FIENBERG	- - - - -	Chairman of the Board
NOEL ZELDIN	- - - - -	President
BERNARD C. KURTZ, C.A.	- - - - -	Executive Vice-President
R. L. BROCKINGTON, C.A.	- - - - -	Executive Vice-President
LAWRENCE SHANKMAN	- - - - -	Vice-President and Secretary
LOUIS STULBERG	- - - - -	Vice-President and Treasurer

AUDITORS

LERNER, PAPERICK & COLOMBY - - - Chartered Accountants
(formerly Bernard C. Kurtz & Co.)

TRANSFER AGENT & REGISTRAR

GUARANTY TRUST COMPANY OF CANADA
Toronto, Montreal, Winnipeg, Vancouver

REPORT TO THE SHAREHOLDERS

The year ended February 28, 1965 was one of significant advances for Consolidated Building Corporation Limited. Net earnings rose to \$2,609,516 or 66.4¢ per share, thereby establishing a ten-year record of progressively increased profits.

Dividend payments to common shareholders amounted to \$877,701 during the same period, and to preference shareholders, \$172,860.

OPERATIONS

Income resulted from the following principal sources:

- (a) the sale and construction of single family residential units,
- (b) the construction and rental of multiple family units,
- (c) the sale of serviced land units for single family and multiple unit construction,
- (d) the operation of income producing properties.

Construction of single family and multiple residential units continued at a satisfying pace throughout the year. New housing subdivisions were opened in Montreal, Ottawa, London and Calgary; others, previously commenced, were either completed or further advanced toward future completion. Multiple unit construction was undertaken in Toronto, Pickering, Ottawa and Vancouver, comprising townhouses, maisonettes and high rise apartment buildings.

RECORD OF EARNINGS

2500

(Expressed in Thousands of Dollars)

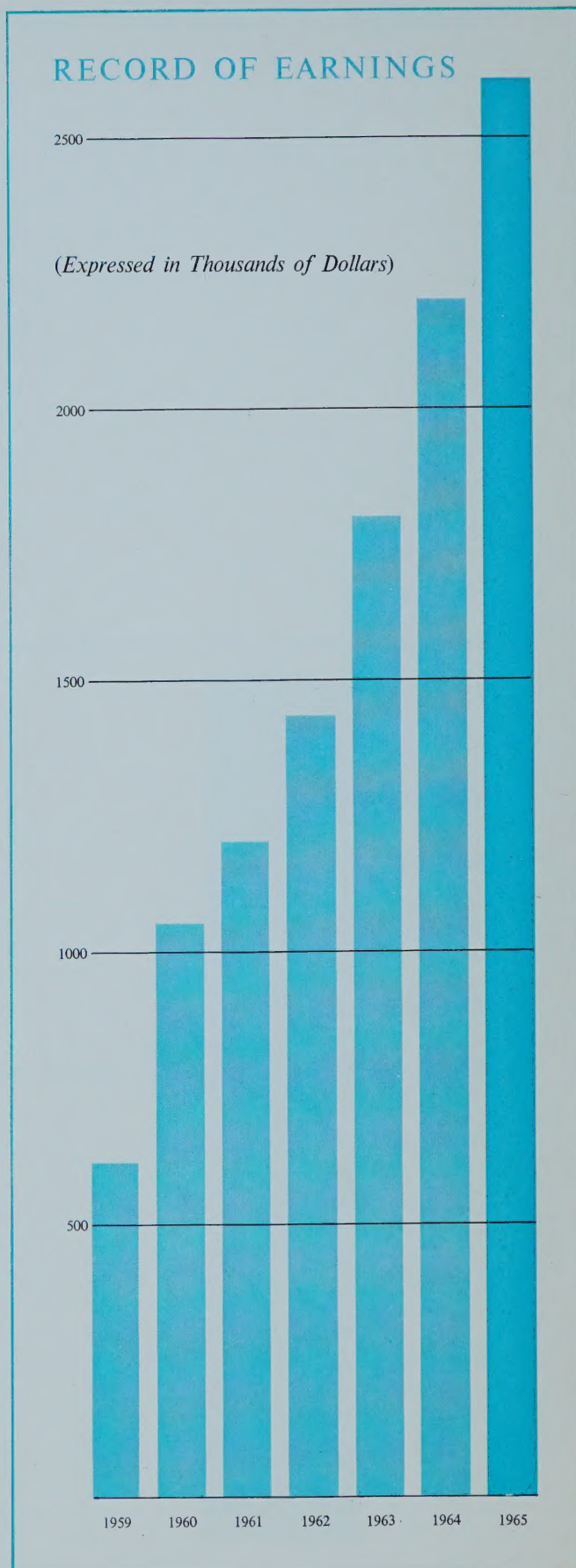
2000

1500

1000

500

1959 1960 1961 1962 1963 1964 1965



In the commercial field, the construction of a neighbourhood shopping centre was commenced in Don Valley Village, Toronto, in participation with Oshawa Wholesale Limited, the I.G.A. supply depot for central Ontario.

During the years since our inception in 1955, we have developed the technique of acquiring and developing strategically located land parcels in advance of immediate residential growth. Our knowledge and judgment in land transactions have consistently added to our overall profits. Again this year, we have successfully engaged in the acquisition of land for immediate and future utilization by ourselves and others.

The geographical locations in which the Company has carried on active operations during the year are listed elsewhere in this report.

A most significant gain which is reflected throughout this report, and will perhaps occupy even greater prominence in future reports, results from the fact that our plans for *diversification*, instituted several years ago, have now begun to bear fruit. We have long been Canada's largest residential builder. Now, we are also among the foremost land developers in the country. Our accelerated activities in this field are further enhanced by Canada's much publicized economic growth and population forecasts.

In reporting gross sales for the first time, it is interesting to note that for the year ended February 29, 1964, we sold and completed 1,946 housing units, whereas for the year ended February 28, 1965 we sold and completed a

total of 2,052 units, represented by houses and serviced land for dwelling units. Although gross sales are lower than in the previous period, net profits resulting from such sales are greater by \$404,961 due to the combination of units sold.

You will note an adjustment in the surplus account amounting to \$813,779, which includes \$112,128 due to the winding up of the Home Modernizing Division. We have also written off \$701,651 reflecting additional costs which have arisen in the course of completing five subdivisions which have been under development during the past one to three years.

OUTLOOK

Our current production of both lands and buildings continues unabated, and will be augmented throughout the year by new projects, now in their initial stages. Our long range plans are unfolding according to schedule, and there is every indication that they will continue to do so, in orderly fashion, during the immediate future. The predicted unprecedented growth in Canada's net family formations and economy has significant benefits for our industry, and will permit us to accelerate even further our production and earnings.

It is particularly gratifying in this, our Tenth Anniversary Year, to pay tribute to all our employees and associates whose efforts are reflected in a decade of ever-increasing success and achievement.

 President

MANAGEMENT

We continue to improve management procedures consistent with the growing importance of automated techniques in our industry. Our efficiency has strengthened considerably, and its effects are evident in current results. The key to our success lies in a management team whose combined qualities produce flexibility, diversification and profitability for the Company.



JOHN D. FIENBERG

Chairman of the Board and founding President, whose vision and insight created the Company in 1955 and have continued to be an ever-present inspiration to the Company's management team.



NOEL ZELDIN

President and founding Vice-President, who succeeded Mr. Fienberg to the presidency in 1960 and has consistently led the Company to new records of accomplishment.



LAWRENCE SHANKMAN

Vice-President and Secretary, a position he has held since 1955 when he helped found the Company. Under his competent direction, the Land Development Division, originally an ancillary segment of the Company's operations, has become a major earnings contributor.



LOUIS STULBERG

Vice-President and Treasurer, initiated and developed an investment realty program for the construction of revenue-producing properties for sale or investment. Mr. Stulberg is a founder of the Company and also General Manager of the Regency Towers Hotel.



BERNARD C. KURTZ, C.A.

Executive Vice-President, joined the Company in 1964, having previously served as the Company's auditor for many years. Mr. Kurtz brought with him an extensive knowledge of the financial affairs of the Company, coupled with a sound understanding of management techniques.



R. L. BROCKINGTON, C.A.

Executive Vice-President, whose skill and knowledge in the field of land development and building, together with astute administrative qualities, add depth and perspective to the Company's management.



JAMES MCFARLANE

Director of Construction, has been associated with the construction and housing industries in Britain and Canada for more than twenty years. Prior to joining the Company in 1964, Mr. McFarlane was with Central Mortgage and Housing Corporation.



ALAN BINSTOCK

National Sales Manager, is in charge of residential sales in all Consolidated-built communities. Mr. Binstock, who served as Assistant Sales Manager before assuming his present duties, has outstanding abilities in all phases of real estate promotion, merchandising and sales.



ARTHUR VAILE

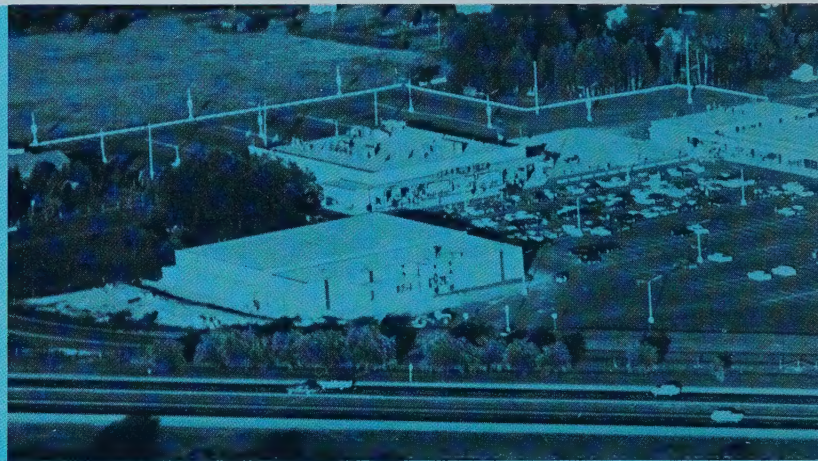
Manager of the Investment Realty Division, has had extensive experience in all aspects of real estate investment, management and sales, and now directs the Company's multiple-unit construction and investment program.



Westwood (Toronto Township). The shaded area represents approximately 450 building lots developed, merchandised and sold (in groups) to builders for immediate residential construction.



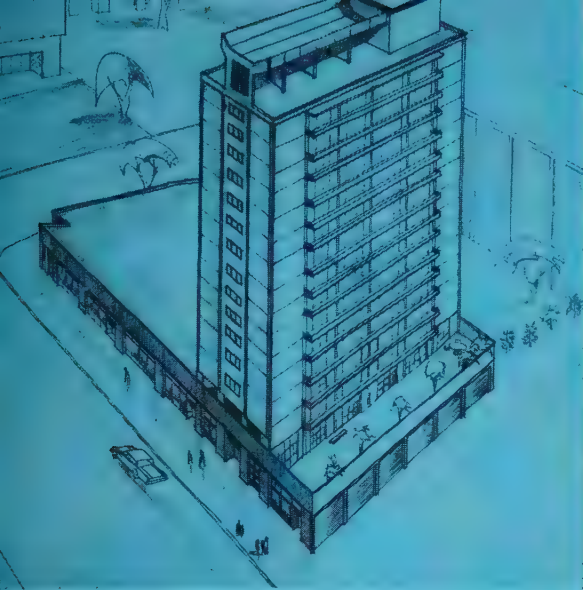
Typical Consolidated-built home at Don Valley Village, Toronto.



Barrie Shopping Plaza beside Highway #400, at Barrie, Ontario.



Shopping centre, now under construction, adjacent to the Don Valley Parkway, Toronto.



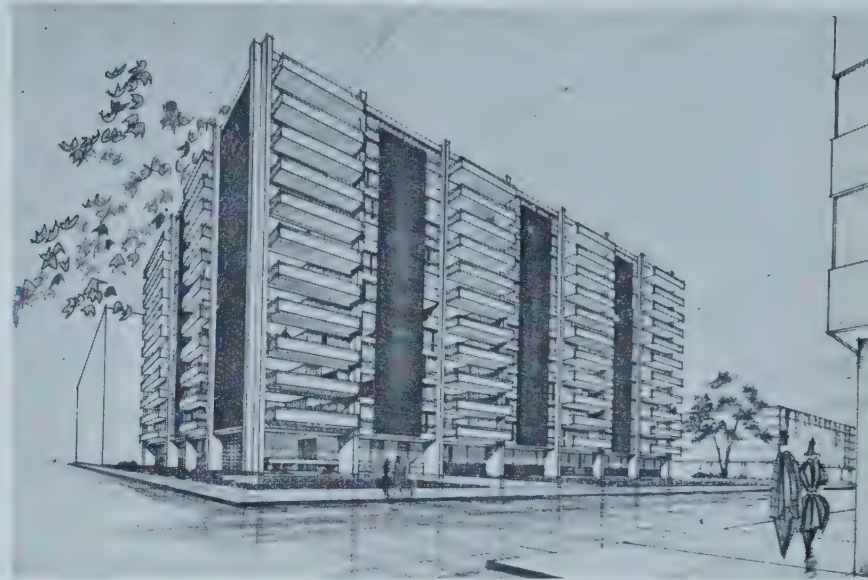
High rise building, soon to be constructed, at Bloor and Walmer Road, Toronto, combining apartment, hotel and commercial facilities.



Interior house designs are revised as often as necessary to keep abreast of current market and sales trends.



High rise apartment presently under construction at Cooper and Metcalfe Streets, Ottawa.



Townhouse living in Parkchester (below) combines the comfort of a home with the convenience of apartment maintenance facilities.



High rise apartment building now under construction on Don Mills Road, Toronto.



ASSETS

	1965	1964
Cash - - - - -	\$ 384,270	\$ —
Accounts receivable - - - - -	15,411,794	16,302,389
Real estate held for development and sale (Note 2) - - - - -	13,820,689	11,751,741
Mortgages receivable - - - - -	970,097	1,869,544
Refundable deposits (Note 4) - - - - -	59,460	31,304
Prepaid expenses and sundry assets - - - - -	899,159	947,231
Deposits on land - - - - -	223,536	215,906
Land, buildings, equipment and leasehold improvements—at cost less accumulated depreciation of \$645,359 (1964 \$367,111) (Note 3) - - - - -	14,445,660	7,540,079
Investment in and advances to Regency Towers Hotel Limited (Note 1) - - - - -	382,012	337,012
Investment in and advances to affiliated companies - - - - -	17,630	14,264
Other investments—at cost - - - - -	41,525	17,500
Excess of cost of acquiring subsidiary shares - - - - -	13,250	13,250
Unamortized financing cost - - - - -	852,646	991,666
Organization expenses - - - - -	15,149	14,913
 TOTAL ASSETS - - - - -	 <u>\$47,536,877</u>	 <u>\$40,046,799</u>

Approved on Behalf of the Board of Directors

JOHN D. FIENBERG

NOEL ZELDIN

BALANCE SHEET

FEBRUARY 28, 1965 (WITH COMPARATIVE FIGURES AT FEBRUARY 29, 1964)

LIABILITIES

	1965	1964
Bank indebtedness - - - - -	\$ 6,000,000	\$ 1,893,743
Accounts payable and accrued liabilities - - - - -	6,038,587	7,551,856
Dividends payable - - - - -	263,182	261,756
Unsecured notes payable - - - - -	350,000	—
Estimated liability for required construction and development costs for real estate sold	1,337,535	2,404,515
Income taxes payable (Note 7) - - - - -	102,320	109,530
Real estate deposits - - - - -	104,421	5,850
Portion of long term debt due within one year - - - - -	1,703,694	2,072,054
Long term debt (Note 6) - - - - -	20,199,741	14,617,591
Deferred rental income - - - - -	28,732	61,467
Unrealized income - - - - -	593,058	859,453
TOTAL LIABILITIES - - - - -	\$36,721,270	\$29,837,815

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 8)

Authorized	Issued			
988,100	288,100	First preference shares with par value of \$10 each—issuable in series—6% cumulative redeemable preference shares—		
		Series A - - - - -	\$ 2,881,000	\$ 2,881,000
6,000,000	3,666,123	Common shares—without par value - - - - -	2,307,579	2,228,329
PAID IN SURPLUS - - - - -			20,000	20,000
RETAINED EARNINGS - - - - -			5,607,028	5,079,655
			10,815,607	10,208,984
			\$47,536,877	\$40,046,799

Commitments (Note 10)

Contingent Liabilities (Note 11)

Long term leases (Note 12)

The accompanying notes and report of the Company's auditors are an integral part of the Financial Statements and should be read in conjunction therewith.

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED FEBRUARY 28, 1965

With comparative figures for 1964

	1965	1964
SALES - - - - -	\$26,461,740	\$33,417,509
Cost of Sales - - - - -	21,924,485	28,908,697
GROSS PROFIT - - - - -	4,537,255	4,508,812
Add: Other income - - - - -	545,434	47,708
	5,082,689	4,556,520
Selling, general and administrative expenses - - - - -	1,801,902	1,857,321
OPERATING PROFIT - - - - -	3,280,787	2,699,199
Add: Decrease in provision for unrealized income - - - - -	134,577	119,314
	3,415,364	2,818,513
Deduct: Interest expense - - - - -	408,501	395,953
NET PROFIT (before items charged below) - - - - -	3,006,863	2,422,560
Depreciation - - - - -	290,677	108,475
Provision for corporation taxes - - - - -	106,670	109,530
	397,347	218,005
NET PROFIT - - - - -	<u>\$ 2,609,516</u>	<u>\$ 2,204,555</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED FEBRUARY 28, 1965

BALANCE—March 1, 1964 - - - - -		\$5,079,655
Add: Net profit - - - - -	\$2,609,516	
Gain on bonds purchased for cancellation - - - - -	2,500	2,612,016
		7,691,671
Deduct: Dividends on preference shares - - - - -	172,860	
Dividends on common shares - - - - -	877,701	
Amortization of financing costs - - - - -	212,248	
Adjustment re prior years' taxes - - - - -	8,055	
Adjustments re prior years (Note 9) - - - - -	813,779	2,084,643
BALANCE—February 28, 1965 - - - - -		<u>\$5,607,028</u>

AUDITORS' REPORT

To The Shareholders

CONSOLIDATED BUILDING CORPORATION LIMITED, TORONTO, CANADA

We have examined the Consolidated Balance Sheet of Consolidated Building Corporation Limited as at February 28, 1965, the Consolidated Statement of Retained Earnings, and the Consolidated Statement of Earnings for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet, supplemented by the notes appended thereto, the Consolidated Statement of Retained Earnings and the Consolidated Statement of Earnings present fairly the financial position of Consolidated Building Corporation Limited as at February 28, 1965, and the results of operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
May 10, 1965

LERNER, PAPERICK AND COLOMBY
Chartered Accountants

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED FEBRUARY 28, 1965

SOURCE OF FUNDS

Net earnings - - - - -	\$2,609,516	
Depreciation - - - - -	290,677	
Increase in long term debt - - - - -	5,582,150	
Proceeds of shares issued by exercising of share warrants - - - - -	79,250	\$8,561,593

APPLICATION OF FUNDS

Additions to land, buildings, equipment and leasehold improvements - - - - -	6,905,581	
Dividends on preference shares - - - - -	172,860	
Dividends on common shares - - - - -	877,701	
Financing costs - - - - -	73,228	
Adjustment re prior years - - - - -	821,834	8,851,204
DECREASE IN WORKING CAPITAL - - - - -		<u>\$ 289,611</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 1 Principles of Consolidation

The consolidated financial statements for the year ended February 28, 1965, include the accounts of the Company, and its wholly-owned subsidiaries except for Regency Towers Hotel Limited, whose accounts are not included therein since its operations differ from those of the Company and the other subsidiaries. The net loss of Regency Towers Hotel Limited for the year ended February 28, 1965, amounted to \$57,150.

Investment in Regency Towers Hotel Limited	- - - - -	\$	100,000
Advances to Regency Towers Hotel Limited	- - - - -		282,012
		\$	<u>382,012</u>

Inter-company profits, investments and accounts are not reflected in the consolidated financial statements.

NOTE 2 Real Estate Held for Development and Sale

Land (at cost)	- - - - -	\$16,474,573
Land improvements, building construction and establishment costs	- - - - -	18,250,050
Carrying charges	- - - - -	<u>1,409,042</u>
		36,133,665
Less: Costs applied	- - - - -	<u>22,312,976</u>
		<u>\$13,820,689</u>

It is the Company's policy to capitalize carrying charges such as real estate taxes and interest as cost of real estate.

NOTE 3

The Company constructs and operates properties of an investment nature which are sold from time to time. Properties presently owned and operated by the Company are available for sale and will be sold when in the judgment of management such sales are in the best interests of the Company.

NOTE 4 Refundable Deposits

The Company and a subsidiary lodged monies to guarantee specific performance of conditions outlined in various agreements. In the opinion of management, these deposits should be refunded within one year.

NOTE 5

Estimated liability for construction and development costs of real estate sold comprises all costs necessary to complete construction and development as estimated by management.

NOTE 6 Long Term Debt

Mortgages payable	- - - - -	\$14,122,435
6½ % General mortgage bonds—due December 1, 1967	- - - - -	2,781,000
6¼ % Sinking fund debentures Series A—due February 1, 1979	- - - - -	<u>5,000,000</u>
		21,903,435
Less: Mortgage payments due within one year	- - - - -	<u>1,703,694</u>
		<u>\$20,199,741</u>

Maturity dates of mortgages payable are as follows:

1965	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,011,639
1966	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,879,942
1967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	860,076
1968	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	244,775
1969	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131,534
1970	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,274,551
1972	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	286,180
1974	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	839,500
1984	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	981,763
1988	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,325,456
1990	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,694,317
1994	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,172,702
1995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	420,000
																							\$14,122,435

6½% General Mortgage Bonds

A wholly-owned subsidiary issued 6½% General Mortgage Bonds pursuant to a Trust Deed. The Trust Deed provides for the establishment of a Sinking Fund. For such purpose, the subsidiary is required to pay to the Trustee, the sum of \$1,000 together with accrued interest for each apartment suite constructed on lots or blocks now or hereafter forming part of the security. The Trust Deed provides for certain restrictions on the payment of dividends on the capital of the subsidiary. The Company has unconditionally guaranteed these bonds. As at February 28, 1965, bonds had been purchased and cancelled for Sinking Fund purposes in the principal amount of \$1,113,000.

6¼% Sinking Fund Debentures Series A

The 6¼ % Sinking Fund Debentures Series A were issued pursuant to a Trust Indenture which provides for the issuance (subject to certain conditions) of additional Debentures without limitation as to aggregate principal amount and in such currency or currencies as may be determined by the Company.

Under the Trust Indenture the Company covenants to establish a Sinking Fund to provide for the retirement on February 1 in each of the years 1967 to 1970 inclusive, of 4% of the aggregate principal amount of Series A Debentures issued, on February 1 in each of the years 1971 to 1975 inclusive, of 8% of the aggregate principal amount of Series A Debentures issued and on February 1 in each of the years 1976 to 1978 inclusive, of 14% of the aggregate principal amount of Series A Debentures issued, each such Sinking Fund amount to be calculated to the nearest \$1,000. The said Trust Indenture provides for certain restrictions on the payment of dividends on the Common Shares of the Company.

During the year an additional principal amount of \$764,000 of such Debentures was issued by the Company.

NOTE 7

The Company has received a Federal income tax assessment for the year ended February 28, 1961, claiming income taxes and interest payable in the amount of \$422,993. The Company has also received Provincial income

tax assessments for the years 1961, 1962 and 1963 in the amount of \$391,265. The Company is contesting both these assessments. It is the opinion of the Board of Directors, based upon their knowledge of the facts and opinion of Tax Counsel, that the Company's Notices of Appeal which have since been filed disputing such assessments in their entirety should be sustained.

NOTE 8 Capital Stock

Common Shares

During the year, 23,775 shares were issued for a cash consideration of \$79,250 as a result of the exercise of the rights attached to the outstanding share purchase warrants. Of the authorized and unissued Common Shares 308,877 shares were reserved at February 28, 1965 for issuance subject to the rights attached to the outstanding share purchase warrants, which entitle the bearers to purchase Common Shares without par value of the Company at any time after December 1, 1961 and up to and including June 30, 1969. The prices at which the share warrants may be exercised are \$10 for three shares to June 30, 1965, increasing by \$1 for three shares every year thereafter, until June 30, 1969, at which time the share purchase warrants will be void.

NOTE 9

Adjustments re prior years represents the loss resulting from winding up the Home Modernizing Division and additional construction costs of several completed subdivisions. The final costs of any subdivision or project are determined only when the subdivision or project is fully completed and all revenues and expenditures pertaining to that subdivision or project are final.

NOTE 10 Commitments

The Company and a subsidiary have commitments in respect of subdivision agreements requiring the installation of services at future dates as yet undetermined. The balance of the cost of such services is estimated by management to be \$3,899,000.

NOTE 11 Contingent Liabilities

The Company has agreed to indemnify and save harmless Crusader Development Corporation Limited from any and all costs or liability under a subdivision agreement referred to in Note 10.

The Company and a subsidiary have lodged letters of credit aggregating \$554,436 with municipalities as security for the fulfillment of their obligations under the subdivision agreements referred to in Note 10.

NOTE 12

At February 28, 1965 the Company had two leases in effect for its premises. These leases provide for present aggregate minimum annual rentals of approximately \$333,000 plus real estate taxes, insurance, maintenance and repairs which are payable by the Company. In the event that the gross rentals less real estate taxes on one of the properties exceed \$269,000, the Company will be required to pay one-third of the excess as additional rent. The Company has no obligation under any of these leases beyond the year 2060. Each lease contains an option to purchase the land and buildings.


NOTE 13

Directors' fees for the year ended February 28, 1965 amounted to \$18,000, (1964—\$18,000).


GEOGRAPHICAL SUMMARY OF OPERATIONS


LEGEND

SINGLE UNITS (RESIDENTIAL) 

TOWNHOUSES AND MAISONNETTES (RESIDENTIAL) 

HIGH RISE APARTMENTS 

COMMERCIAL 

LAND DEVELOPMENT AND SALES 


BRITISH COLUMBIA

Each symbol represents a separate project within the geographical area.

Vancouver   

Victoria 

ALBERTA


Calgary 


ONTARIO

Aurora 

Barrie 

Etobicoke      

Hamilton  



London 


North York           

Ottawa  


Pickering       


Toronto     



Toronto Township  

Whitby 

QUEBEC

Brossard 

Chambly   

Pierrefonds  

Ile Perrot 